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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91224932
Party	Defendant McCormick Distilling Co., Inc.
Correspondence Address	MICHAEL ELBEIN HOVEY WILLIAMS LLP 10801 MASTIN ST, STE 1000 OVERLAND PARK, KS 66210-1697 UNITED STATES tmdocketing.elbein@hoveywilliams.com, trademarks@hoveywilliams.com
Submission	Opposition/Response to Motion
Filer's Name	Michael Elbein
Filer's e-mail	melbein@hoveywilliams.com, cburbach@hoveywilliams.com, mwal- ters@hoveywilliams.com, litigation@hoveywilliams.com
Signature	/Michael Elbein/
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

SAZERAC BRANDS, LLC)	
Opposer,)	
)	
v.)	Opposition No. 91224932
)	
MCCORMICK DISTILLING CO., INC.)	
Applicant.)	

APPLICANT’S OPPOSITION TO THE MOTION TO DISMISS COUNTERCLAIM

In answer to a Notice of Opposition against its PLATTE VALLEY FIRESHINE application, McCormick Distilling Co., Inc., (“McCormick” or “Applicant”) filed a compulsory counterclaim against Opposer Sazerac Brands, LLC (“Sazerac” or “Opposer”) alleging two counts: (1) Registration Nos. 2852432 and 3550110 should be canceled because the word “fireball” is generic; and (2) Sazerac’s trademarks containing or consisting of the word “fireball” should be cancelled because those trademarks have been abandoned based upon a failure to enforce the trademarks against third parties. Sazerac brought a motion to dismiss under Fed. R. Civ. P. 12(b), claiming that the McCormick failed to state a claim upon which relief can be granted. McCormick’s counterclaim is properly pled, and Sazerac’s motion is nothing more than an improper request for the Board to weigh the possible evidence at the pleadings stage.

Sazerac’s motion does not contain an effective application of the refined pleading standard spawned by *Twombly* and *Iqbal*. See *Bell Atlantic Corp. v. Twombly* 550 U.S. 544 (2007); *Ashcroft v. Iqbal*, 556 U.S. 662 (2009). While those Supreme Court cases have replaced the decades-old “any set of facts” test with a new “plausibility” test, Sazerac asks the Board to set the bar even higher. Unsatisfied with McCormick’s factual allegations in its counterclaim, Sazerac, using matters outside the pleadings, urges the Board to dismiss the counterclaim in its

entirety. As more fully set forth below, the Board should reject Sazerac's contentions and deny the motion to dismiss.

I. TWOMBLY AND IQBAL REQUIRE MCCORMICK TO PLEAD PLAUSIBLE CLAIMS, NOT ACCEDE TO SAZERAC'S DEMAND FOR STRINGENT FACT PLEADING

In *Twombly* and *Iqbal*, the Supreme Court established a refined notice-pleading standard, requiring a complaint to allege "enough facts to state a claim for relief that is plausible on its face." *Twombly*, 550 U.S. at 570. This "does not impose a *probability* requirement at the pleading stage"; it simply "calls for enough fact[s] to raise a reasonable expectation that discovery will reveal evidence of" the misconduct required for relief. *Id.* at 556. While a "bare assertion" of the elements of a cause of action is insufficient, only "some further factual enhancement" is required to take a claim from possible to plausible. *Id.* at 556–57. To meet the *Twombly/Iqbal* standard, a pleading must allow for at least a "reasonable inference" of the legally relevant facts. See *Burnett v. Mortgage Elec. Registration Sys., Inc.*, 706 F.3d 1231, 1236 (10th Cir. 2013).

Under Fed. R. Civ. P. 8(a)(2), a pleading must contain "a short and plain statement of the claim showing that the pleader is entitled to relief." Specifically, a complaint "must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'" *Doyle v. Al Johnson's Swedish Restaurant & Butik, Inc.*, 101 USPQ2d 1780, 1782 (TTAB 2012) quoting *Iqbal*, 556 U.S. at 678 (2009). There is no indication the Supreme Court intended a return to the more stringent pre-Rule 8 pleading requirements. See *Iqbal*, 556 U.S. at 678 ("Rule 8 marks a notable and generous departure from the hyper-technical, code-pleading regime of a prior era...."). Indeed, the Supreme Court expressly stated in *Twombly* that a complaint "does not need detailed factual allegations." (*Twombly*, 550 U.S. at 555). The standard's focus on "allegations" is significant, as the concept of "plausibility" at the dismissal stage refers not to

whether the allegations are likely to be true; the court must assume them to be true. *Erickson v. Pardus*, 551 U.S. 89, 93 (2007) (quoting *Twombly*, 550 U.S. at 555) (alteration in original) (“Specific facts are not necessary; the statement need only ‘give the defendant fair notice of what the ... claim is and the grounds upon which it rests.’”).

Thus, the *Twombly/Iqbal* standard represents a “middle ground” between complaints containing nothing less than a formulaic recitation of the elements of a cause of action, and heightened fact pleading, which was expressly rejected. Unfortunately, Sazerac seems to reject this appellate-court guidance, as they urge the Board essentially to hold McCormick to a fact-pleading standard. As shown below, McCormick has alleged more than enough facts to state plausible claims against Sazerac.

II. APPLICANT HAS PLEADED A PLAUSIBLE COUNTERCLAIM AGAINST SAZERAC UNDER SECTIONS 15 U.S.C. §1127 OF THE LANHAM ACT.

Sazerac seeks dismissal of both counts of the counterclaim on the basis that they fail as a matter of law to meet the standards necessary to properly allege genericness and abandonment. Sazerac is wrong, and the Board should reject its Motion to Dismiss.

A. GENERICNESS

Sazerac ignores the governing legal standard under *Twombly/Iqbal* set forth above and improperly seeks dismissal of McCormick’s genericness counterclaim. To plead that the Sazerac’s FIREBALL mark is generic, McCormick need only allege sufficient facts that, taken as true, establish (1) the genus of goods or services associated with the mark and (2) the mark is understood by the relevant public primarily to reference that genus of goods or services. *H. Marvin Ginn Corp. v. Int’l Assoc. of Fire Chiefs, Inc.*, 782 F.2d 987, 990 (Fed. Cir. 1986).¹

¹ Additionally, if a mark contains multiple terms, a party must plead that the mark as a whole is generic. See *Princeton Vanguard, LLC v. Frito-Lay N. Am., Inc.*, 786 F.3d 960, 966 (Fed. Cir.

McCormick has pled facts sufficient to satisfy each of these elements. McCormick identifies the relevant genus of goods associated with the FIREBALL mark—liqueurs and whisky—(*see*, Counterclaim, at p. 4, ¶¶3-6) and alleges that the primary significance of “fireball” is the “identification of a drink being an alcoholic beverage, including one comprised of whiskey or liqueur, and including a spicy flavoring element such as cinnamon or hot sauce.” (Counterclaim, at p. 4-5, ¶7). No further allegations are necessary and Sazerac does not even contest the adequacy of these pleadings in its motion.

Rather, after conceding that genericness is a question of fact “to be resolved on the evidence” (Motion to Dismiss, at p.3), Sazerac relies entirely on weighing the examples of generic use submitted as illustrative exhibits with McCormick’s counterclaim (Counterclaim ¶6 and Exhibit 1) against external documents improperly submitted with Sazerac’s motion to dismiss,² as though that is the only evidence that can be brought forward after the full proceeding. But whether a mark is generic is a question of fact. *Yellow cab Co. v. Yellow Cab of Elk Grove, Inc.*, 419 F.3d 925, 928-29 (9th Cir. 2005); *Hunt Masters, Inc. v. Landry’s Seafood Rest., Inc.*, 240 F.3d 251, 254 (4th Cir. 2001). Sazerac complains of the “dearth of evidence alleged” by McCormick (Motion at p2). However, McCormick “need not allege all of the facts involved in the claim.” *Aguila Records, Inc. v. Federico*, No. 07-cv-3993, 2007 WL 2973832, at *1 (N.D. Ill., Oct. 10, 2007). Weighing evidence—as Sazerac has done and invites the Board to do—puts the cart before the horse because a “motion to dismiss is not the proper vehicle for analyzing whether [a mark] is generic.” *Educational Tours, Inc. v. Hemisphere Travel, Inc.*, 70

2015). This third element is inapplicable here because Sazerac’s FIREBALL registrations at issue in Count I of the Counterclaim are composed of the single term.

² The impropriety of Sazerac’s submission of matters outside the pleadings is discussed below in Section III.

U.S.P.Q.2d 1797, 1798 (N.D. Ill., 2004). For this reason the Federal Circuit concluded that a “trial court ruled on [genericness] prematurely” when granting a motion to dismiss because finding whether a mark is generic in a motion to dismiss is “on its face insufficient because whether a term is generic is a question of fact.” *McZeal v. Sprint Nextel Corp.*, 501 F.3d 1354, 1358 (Fed. Cir. 2007).

Moreover, Sazerac’s reliance on *Questor Corp v. Dan Robbins & Associates, Inc.*, 199 U.S.P.Q. 368 (TTAB 1978) is misplaced. Sazerac relies on *Questor* for the proposition that a certain quantum of proof is necessary to establish genericism. (Motion, at p.4). But *Questor* was not decided on a motion to dismiss. Rather, in *Questor* the Board weighed all the evidence at trial—not in a motion to dismiss—and concluded based upon a review of the full record that genericness had not been proven. *See generally* 199 U.S.P.Q. 358. Consequently, the conclusion reached by the Board in *Questor*, after full development of the record developed by discovery and trial, is inapposite here in a motion to dismiss context.

Under *Twombly* and *Iqbal*, McCormick has alleged sufficient facts, which the Board must accept as true, to establish Sazerac’s FIREBALL mark is generic. Sazerac’s invitation to weigh evidence is improper and premature. In fact, TBMP §503.02 specifically states:

“Therefore, a plaintiff served with a motion to dismiss for failure to state a claim upon which relief can be granted need not, and should not respond by submitting proofs in support of its complaint. Whether a plaintiff can actually prove its allegations is a matter to be determined not upon motion to dismiss, but rather at final hearing or upon summary judgment, after the parties have had an opportunity to submit evidence in support of their respective positions.”

Accordingly, Sazerac’s motion to dismiss Count I should be denied.

B. ABANDONMENT

Sazerac again focuses on the *merits* of the Count II—not whether McCormick has sufficiently pleaded a claim of abandonment. Of course, McCormick is not required to prove its

case in its counterclaim; rather, McCormick “must allege the ultimate facts pertaining to the alleged abandonment.” *Otto Int’l. v. Otto Kern GmbH*, 83 USPQ.2d 1861, 1863 (TTAB 2007). Such allegations are required in order to “provide fair notice to the defendant of the plaintiff’s theory of abandonment.” *Id.*

Sazerac provides no explanation as to how it has not been provided fair notice of McCormick’s theory of abandonment. 15 U.S.C. §1127. To the contrary, Sazerac’s factual allegations about its continued use of the FIREBALL trademarks and its enforcement efforts actually evidence Sazerac’s understanding of the precise basis for Count II of the counterclaim. Therefore, it can hardly be concluded that the factual allegations in Count II of the counterclaim are insufficient.

Instead, Sazerac proffers that the only basis for abandonment under the counterclaim must be its “voluntary surrender” of the mark. And because it has not voluntarily surrendered the trademark, McCormick fails to state a claim of abandonment. But that argument has two flaws.

First, McCormick is not required to plead or prove that Sazerac has voluntarily surrendered its trademark. Abandonment can occur “[w]hen any course of conduct of the owner, **including acts of omission** as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark.” 15 U.S.C. §1127 (emphasis added). For instance, the alleged trademark being contested may have become the generic or popular term for the article in question due to a lack of enforcement efforts by the trademark owner. *See, e.g., Saxlehner v. Eisner & Mendelson Co.*, 179 U.S. 19 (1900) (finding that the trademark owner’s inaction to protect the trademark made it “too late to resuscitate her original title.”). Further, courts have often considered the

“intent to abandon” by looking at the effect of a party not suing competitors, customers, and others for trademark infringement, which may have led to widespread usage of the term in a non-trademark sense. *See* 3 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §17:17 (4th ed.); *see also McKesson & Robbins v. Charles H. Phillips Chem. Co.*, 53 F.2d 342, 345 (2d Cir. 1931) (defendant found to have abandoned its trademark due to “extensive, persistent, and adverse use by the public during the long interval, prior to the cancellation proceeding” and without defendant’s active enforcement). McCormick’s initial sample exhibits showing that the term “fireball” is a generic term for cocktails, although unnecessary at this stage, supports the allegation that “fireball” has been abandoned by Sazerac.

Second, Sazerac’s argument would require the Board to make ultimate legal and factual conclusions about the merits of the counterclaim *at the pleading stage*. Sazerac’s makes this proposition by pointing to *Girard Polly-Pig, Inc. v. Polly-Pig by Knapp, Inc.*,³ a Board decision at the trial phase of the legal proceeding—not at the pleading stage. While abandonment must be strictly proved at trial, it must not be strictly proved at the pleading stage of the proceeding. *Totes-Isotoner Corp. v. U.S.*, 594 F.3d 1346 (Fed. Cir. 2010) (an opposer need only allege “enough factual matter. . . to suggest [a claim is plausible] and “raise a right to relief above the speculative level.”).

In short, Sazerac has sufficiently stated a claim for abandonment due to Sazerac’s lack of prosecution, as an act of omission, which has led to widespread consumer usage of the word “fireball” in a non-trademark sense. Thus, McCormick has plausibly stated a claim under the Lanham Act.

³ 217 USPQ 1338 (1983).

III. SAZERAC’S MOTION TO DISMISS SHOULD BE DENIED ON GROUNDS THAT IT VIOLATES THE FEDERAL RULES OF CIVIL PROCEDURE AND TTAB RULES

Sazerac has improperly introduced extraneous information in its Motion to Dismiss, which exceeds the scope of Fed. R. Civ. P. 12(b). While the Board may take judicial notice and consider matters of public record, orders and items appearing in the record of the case or the underlying application, Sazerac’s Exhibit A, an article from *Business Insider*, is not part of the public record. Likewise, the article is not a matter of which the Board can take judicial notice pursuant to Fed. R. of Evid. 201(b). Sazerac’s introduction of its exhibits to the Motion to Dismiss, which were not part of the Notice of Opposition, should not be considered. *See Caymus Vineyards v. Caymus Med. Inc.*, 107 USPQ2d 1519, 1522 n.2 (TTAB 2013) (Board refused to evaluate evidence attached to motion to dismiss counterclaim).

Furthermore, if matters outside the pleadings are presented, and not excluded by the Board, the motion would have to be converted to one for summary judgment. *Advanced Cardiovascular Sys., Inc. v. SciMed Life Sys. Inc.*, 988 F.2d 1157, 26 USPQ2d 1038, 1044 (Fed. Cir. 1993). But because the motion to dismiss was filed before the parties’ initial disclosures are due and before initial disclosures have been served, the motion to dismiss should be denied as a premature motion for summary judgment. *See Qualcomm, Inc. v. FLO Corp.*, 93 USPQ2d 1768, 1769-70 (TTAB 2010) (motion for summary judgment denied as premature where movant had yet to serve initial disclosures). *See* TMBP §503.04 (“a party may not file a motion for summary judgment until it has made its initial disclosures, unless the motion is based on issue or claim preclusion or lack of Board jurisdiction.”)

Sazerac leans on these extraneous documents to defend against the merits of the counterclaim—not the sufficiency of the allegations. Hence, Sazerac’s request for the Board to

evaluate it exhibits and arguments to make legal and factual findings about the ultimate facts in this proceeding is wholly inappropriate at the pleading stage of this case.

IV. CONCLUSION

Sazerac's Motion to Dismiss is ineffective because both of McCormick's counts in its counterclaim contain ample facts to state claims for relief that are plausible on their face. McCormick's factual and legal allegations are not conclusory, but provide fair notice to Sazerac of the bases for the counterclaim. Sazerac improperly seeks to have the counterclaim decided on the merits at the pleading stage. Because McCormick's counterclaim meets the required pleading standards, Sazerac's motion to dismiss should be denied.

Respectfully Submitted,

MCCORMICK DISTILLING CO., INC.

By its Attorneys,

/s/Michael Elbein
Michael Elbein
Cheryl L. Burbach
Matthew B. Walters, Pat. Bar No. 65,343
HOVEY WILLIAMS LLP
10801 Mastin Blvd., Suite 1000
Overland Park, Kansas 66210
(913) 647-9050 - Phone
(913) 647-9057 - Fax
Attorneys for Sazerac

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing, which was filed electronically with the Trademark Trial and Appeal Board, was served upon to Sazerac's attorneys of record, this 24th day of February, 2016, at the following address:

Peter J. Willsey
Vincent J. Badolato
Thomas M. Hadid
COOLEY LLP
1299 Pennsylvania Ave., NW
Suite 700
Washington, DC 20004

/s/Michael Elbein